

State of Alaska FY2011 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Alaska Aerospace Corporation Results Delivery Unit Budget Summary

Alaska Aerospace Corporation Results Delivery Unit

Contribution to Department's Mission

To promote aerospace-related economic growth and development and strengthen Alaska's technological infrastructure.

Core Services

- Provide rocket launch venue.
- Provide rocket launch support services to customers.

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Launch service operating revenue is maintained or improved.

- Achieved the target of increasing operations revenue over a five-year average, with an average growth rate of 3% over the five-year period from FY05 through FY09.

Status of Strategies to Achieve End Result

- Achieved target of adding a new service with pre-fabricated storage buildings for additional customer equipment storage capability in FY09.

END RESULT B: Contribution to Alaska's economy is maintained or improved

- In-state spending by Alaska Aerospace Corporation totaled \$13.5 million in FY2009; \$1.9 million more than FY2008, but less than the \$27.3 million in FY2007.

Status of Strategies to Achieve End Result

- Six new personnel were hired in the Alaska Aerospace Corporation in FY09.
- Spending with Alaska vendors compared to total vendor spending increased 7.25% from FY08 to FY09.

END RESULT C: Alaska's technological infrastructure is strengthened.

- Achieved target of continuing its investment in capital assets, with cumulative investment increasing by 1.10% over FY09, less than the significant increase of 31.57% in FY07 attributed to the Kodiak Kenai Cable Corporation fiber optic project.

Status of Strategies to Achieve End Result

- Received \$7 million of state general funds in both FY09 and FY10 for the construction of the Rocket Motor Storage Facility. Construction began FY09.

Major Activities to Advance Strategies

- Expand launch services provided.
- Maintain or improve contribution level to Alaska economy.
- Develop infrastructure to enhance capabilities.

Key RDU Challenges

The challenge in the coming year continues to be to increase the infrastructure at the Kodiak Launch Complex (KLC) in order to support additional launch customers and to increase the number of launches from the KLC per annum. Alaska Aerospace Development's (AADC) anchor tenant, the Missile Defense Agency (MDA), utilizes the infrastructure of Launch Pad 1 (LP 1) and/or LP 2 for their launch operations. An additional Launch Pad (LP 3) is needed in order to service additional customers.

Although there are customers who want to launch from KLC, scheduling around the MDA mission is challenging without an additional launch pad. KLC has the other infrastructure (Launch Control Center, the Range Safety System, Payload Processing, etc.) which equates to an airport's air traffic control systems, passenger terminals, and baggage handling, that can support additional customers. Without an additional launch pad (runway), KLC will not expand its customer base and will see minimal to no operational growth, which will prevent revenue and job increases in the community of

Kodiak and the State of Alaska.

Significant Changes in Results to be Delivered in FY2011

See components.

Major RDU Accomplishments in 2009

The Alaska Aerospace Corporation (AAC) successfully executed the first year of a new contract for providing services to its anchor tenant, MDA. Kodiak Launch Complex (KLC) continues launching tests of the nation's missile defense system. The eighth Flight Test Ground-Base Midcourse Defense, FTG-05, was launched from KLC on December 5, 2008. AAC continues to work with the U.S. Air Force for two launches scheduled in FY10.

AAC received \$3.5 million in funding from the State of Alaska for the Rocket Motor Storage Facility (RMSF), with an additional \$3.5 million committed for FY10. Site work began in June, with the construction of the facility planned for completion in the 2010 construction season.

AAC continues to meet the demands of launch services support, providing our customer a full array of services and management support. In an effort to meet the customer's requirements, AAC hired six additional full-time employees during FY09.

AAC continues to support continuing education in the aerospace industry through an agreement with the University of Alaska Scholarship Foundation to provide scholarships to benefit Alaska's youth wishing to pursue an advanced education in Alaska and the aerospace industry. By providing this opportunity, AAC is helping to develop a valuable resource for our state and nurture the growth of a highly technical workforce within the state.

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**Alaska Aerospace Corporation
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2009 Actuals				FY2010 Management Plan				FY2011 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
AK Aerospace Corp	0.0	5,038.9	107.5	5,146.4	0.0	3,197.8	1,242.5	4,440.3	0.0	3,238.8	1,252.7	4,491.5
AAC Facilities Maintenance	0.0	12,954.4	553.9	13,508.3	0.0	23,086.1	1,087.6	24,173.7	0.0	23,129.2	1,100.7	24,229.9
Totals	0.0	17,993.3	661.4	18,654.7	0.0	26,283.9	2,330.1	28,614.0	0.0	26,368.0	2,353.4	28,721.4

Alaska Aerospace Corporation
Summary of RDU Budget Changes by Component
From FY2010 Management Plan to FY2011 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	26,283.9	2,330.1	28,614.0
Adjustments which will continue current level of service:				
-AK Aerospace Corp	0.0	41.0	10.2	51.2
-AAC Facilities Maintenance	0.0	43.1	13.1	56.2
FY2011 Governor	0.0	26,368.0	2,353.4	28,721.4